ODP 616-77
4 April 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM : Clifford D. May, Jr.
Director of Data Processing

SUBJECT : Compromise of Classified Data

REFERENCE : ODP 582-A-77 dtd 31 March 77, same subject

1. The purpose of this memorandum is to advise you of the current status of the Credit Union/IRS security compromise. This is the situation to the best of our knowledge as of Friday, 1 April 1977.

2. Based on conversations between IRS representatives and ODP technicians, it was determined that the only processing done by IRS was the creation of a duplicate tape. This duplicate, plus the Agency original, and all associated machine run listings of those tapes, have been returned to the Agency. Accordingly, we have concluded that no classified information remains in the hands of IRS.

3. Following program correction, a subsequent tape, produced in accordance with the original specifications, approved by ODP, NWFCU and CCS, was delivered for validation by NWFCU and CCS on Friday morning. Based on an examination of this tape, NWFCU and CCS still identified approximately 100 names which had to be removed before the tape would be acceptable for distribution to IRS. It remains unclear to ODP why the mutually acceptable logic did not exclude the approximately 100 names. Investigation as to the cause for this limitation will be undertaken. Programming efforts to remove the 100 names was started on Friday, 1 April. We have mutually agreed with NWFCU and CCS that we will have a tape available by the opening of business on Wednesday morning, 6 April 1977. Upon review and approval by NWFCU and CCS, the data will be delivered to IRS.

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[redacted] tanding that an IRS representative
ay, 1 April, but this Office has
occurrence or nature of this visit.
referenced memorandum, we are conduct-
e that there is not a repetititon
ll be appraised of our findings.

Clifford D. May, Jr.

Distribution:
Orig + 1 - adse
1 - C/C Div/ODP
1 - ODP Registry
2 - O/D/ODP

STATINTL O/D/ODP/[redacted]ee/4-4-77

ODP-

4 April 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM : Clifford D. May, Jr.
Director of Data Processing

SUBJECT : Compromise of Classified Data

REFERENCE : ODP-582-A-77; Dated 31 March 1977; Same Subject

1. The purpose of this memorandum is to advise you of the current status of the Credit Union/IRS Security Compromise. This is the situation to the best of our knowledge as of Friday, 1 April.

2. Based on conversations between IRS Reps and ODP technicians, it was determined that the only processing done by IRS was the creation of a duplicate tape. This duplicate, plus the Agency original, and all associated machine run listings of those tapes, have been returned to the Agency. Accordingly, we have concluded that no classified information remains in the hands of IRS.

3. Following program correction, a subsequent tape, produced in accordance with the original specifications, approved by ODP, NWFCU and CCS, was delivered for validation by NWFCU and CCS on Friday morning. Based

on an examination of this tape, NWFCU and CCS still identified approximately 100 names which had to be removed before the tape would be acceptable for distribution to IRS. It remains unclear to ODP why the mutually acceptable logic did not exclude the approximately 100 names. Investigation as to the cause for this limitation will be undertaken. Programming effort to remove the 100 names was started on Friday, 1 April. We have mutually agreed with NWFCU and CCS that we will have a tape available by the opening of business on Wednesday morning, 4 April 1977. Upon review and approval by NWFCU and CCS, the data will be delivered to IRS.

4. It is our understanding that an IRS Rep visited the Agency on Friday, 1 April, but this office has not been advised as to the occurrence or nature of this visit. As in paragraph 7 of the referenced memorandum, we are conducting a post mortem to insure that there is not a repetition of this situation. You will be appraised of our findings.

Clifford D. May, Jr.

ODP 582-77
31 March 1977

MEMORANDUM FOR: Deputy Director for Administration

FROM : Clifford D. May, Jr.
Director of Data Processing

SUBJECT : Compromise of Classified Data

1. The purpose of this memorandum is to advise you of a compromise of classified information involving Northwest Federal Credit Union (NWFCU) records.

2. Annually the NWFCU submits to the Internal Revenue Service (IRS) a listing of all overt active duty employees who are paid dividends by the Credit Union. This listing contains the name, address, SSN and amount paid in dividends during the previous year. For the 1976 taxable year, it was decided to include in the listing retired overt employees. ODP designed a computer program to compare the NWFCU records with SSN's contained in the Cover and Commercial Staff records and eliminate all NWFCU records for personnel under cover. The purged listing, without the names of covered personnel, would be sent to the IRS.

3. During the past weekend, this new program was run in the ODP Computer Center and the resultant tape was delivered to the NWFCU representatives for hand carrying to the IRS in Philadelphia. The tape was accompanied by a 4 or 5 page printout so that IRS could determine whether the data on the tape was in proper format. The tape and printout were delivered at noon on 29 March 1977. About 1600 hours on 29 March, the ODP programmers, in the course of documenting the program changes, noted several names of personnel they knew to be under cover in the printout of the information sent to IRS. It was clear that we had given IRS a tape containing classified CIA information.

4. In accordance with ODP procedures, the ODP Security Officer was immediately notified. The Security Officer contacted a NWFCU representative, explained the problem, and asked for the name of a contact at IRS. The Security Officer then contacted the person at IRS, advised him that the tape probably contained classified information, and asked him not to process it and give it proper protection. The IRS representative agreed to take this action.

5. Early on 30 March, the Office of Security undertook to arrange for their [redacted] representative to pick up the tape from the IRS and return it to Headquarters. The IRS representative in Philadelphia, wondering why CIA should be interested in an NWFCU tape, checked with his supervisor in Washington. This resulted in a call from an Assistant Commissioner of IRS to [redacted] As the result of further discussions through this channel, arrangements were made for a NWFCU employee to pick up the tape in Philadelphia on 31 March. We also learned through this channel that some processing of the NWFCU tape was done by IRS before receiving the call from the CIA Security Officer, contrary to the information we were given earlier.

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6. Current Status and Pending Actions as of 0800, 31 March.

a. We believe that about sixteen names of people under cover are included on the 4-5 page printout provided to IRS. We believe as many as 1500 names of people under cover may be included in the tape given to IRS. We believe that normal IRS procedures for protecting income tax-related data will ensure protection of CIA classified data from further dissemination.

b. We have positively identified and corrected the programming error which caused the classified information to appear in the tape sent to Philadelphia. The programming error caused the names of covered personnel with more than one account in the NWFCU to appear in the tape that went to IRS.

c. We will have a new tape ready this morning for delivery to IRS by an NWFCU representative. A Cover and Commercial Staff (CCS) representative will be asked to screen a printout of the new tape, to ensure that it contains no names of covered personnel.

d. When the tape is cleared by CCS, it will be released to IRS. The original tape will be retrieved when the new one is delivered to IRS.

e. An Office of Security representative will meet with CCS personnel this morning to go over the listing of names of covered employees that originally was sent to IRS. A determination will be made regarding actions that should be taken in view of the compromise.

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f. ODP representatives, working through [redacted] will attempt to determine whether IRS still retains any of the classified data as a result of their processing of the tape. If so, further action, as appropriate, will be taken through Mr. [redacted] 25X1A

7. The release of the original tape to an outside organization without first screening a printout for classified information appears to be a clear violation of published ODP security instructions. After all the facts are known, appropriate action will be taken.

8. I will keep you advised of further developments.

Clifford D. May, Jr.

Distribution:

25X1A

Orig + 1 - adse
1 - OGC, [redacted]
1 - D/OS
1 - C/CCS/DDO
1 - [redacted] 25X1A
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O/D/ODP/CDMay:ee/3-31-77